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DEFERRAL OF WHEAT REFERENDUM

JUNE 3, 1985.—Ordered to be printed

Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 822]

The Committee on Agriculture, Nutrition, and Forestry, to which was referred the bill (S. 822) to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1986, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

SHORT EXPLANATION

S. 822 would permit the wheat marketing quota referendum required under existing law for the 1986 crop to be deferred until 30 days after the adjournment sine die of the first session of the Ninety-ninth Congress. Congress is presently considering (1) bills that would suspend or repeal marketing quotas for the 1986 and subsequent crops and (2) bills that would require a referendum on a program substantially different from that provided under existing law. If any of those bills is enacted, the referendum required under existing law would not be held.

PURPOSE

Current laws governing most of the farm programs—including the wheat program—are due to expire at the end of the 1985 crop year. Congress, therefore, is currently considering omnibus legisla-

tion establishing agricultural programs for the 1986 and subsequent crops. A new wheat program is under consideration as part of this process.

Under the provisions of the Agricultural Adjustment Act of 1938 (which are suspended through the 1985 crop of wheat), the Secretary of Agriculture is required to determine if the total supply of wheat in the marketing year will, in the absence of a marketing quota program, be excessive. If the Secretary determines that the wheat supply will be excessive, the Secretary must proclaim and determine the amount of the national marketing quota and conduct a referendum not later than August 1. However, in order for a marketing quota program to become effective, it must be approved by two-thirds of the producers voting by secret ballot. If approved, the program would limit the wheat acreage that a producer could plant for market without penalty.

On April 12, 1985, Secretary of Agriculture John Block announced that the total supply of wheat for the next marketing year would be excessive and he proclaimed a national marketing quota for the 1986 crop of wheat of 1,955 million bushels. Secretary Block also proclaimed a 1986 national wheat allotment of 54 million acres and announced that a referendum on the national marketing quota would be held July 19-26 by mail.

Since 1965, there have been amendments to the permanent legislation governing the wheat program that suspended wheat marketing quotas, thereby alleviating the need for any referendum.

S. 822 would permit deferral of the current wheat referendum and the expenses of holding it until Congress has an opportunity to develop a new wheat program.

Omnibus farm legislation presently being considered by Congress would (1) repeal or suspend the provisions of the Agricultural Adjustment Act of 1938 requiring a wheat referendum or (2) require a referendum on a program significantly different from that provided under the 1938 Act. However, it should be noted that if Congress does not reach agreement on a new farm bill, the permanent provisions of the Agricultural Adjustment Act of 1938 and other laws would become effective.

While there is some disagreement on the cost of preparing for and holding the referendum, it would entail additional Federal costs of at least \$700,000. Not holding the referendum would save the Department from incurring these additional costs and from committing resources to an activity that may cause confusion among wheat producers regarding the 1986 wheat program.

Under S. 822, the Secretary is given authority to defer the referendum. The Committee notes that S. 822 is similar to legislation approved by Congress under identical circumstances in 1981 and 1977 and was the basis for deferring the referendum in those years.

COMMITTEE CONSIDERATION

On April 1, 1985, Senator Zorinsky introduced S. 822, which was cosponsored by Senators Cochran, Melcher, Exon, Leahy, and Abdnor.

On May 15, the full Committee considered S. 822. Senator Zorinsky stated that S. 822 would merely postpone the wheat referen-

dum 30 days after adjournment, so that if it was ever held, it would most likely be in November, giving producers an opportunity to reach a decision based on the pending farm legislation, rather than on a law that is likely never to take effect.

In addition to Senator Zorinsky's remarks, Senator Andrews and Senator Melcher spoke strongly in favor of the bill. Senator Andrews expressed concern about the cost of preparing and holding a referendum.

Chairman Helms asked Departmental officials to comment on S. 822. Robert Thompson, Assistant Secretary-designate, stated the Department believed the referendum should be held.

The Committee reported favorably, without amendment, S. 822.

ADMINISTRATION VIEWS

The Committee received the following letter from Secretary of Agriculture John R. Block setting forth the Administration's views on S. 822:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, May 31, 1985.

HON. JESSE HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry,
Washington, DC.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on S. 822, a bill "To extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1986."

The Department strongly opposes the enactment of this bill.

S. 822, as reported by the Committee on Agriculture, provides for the extension of time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1986. The referendum may be conducted not later than thirty days after adjournment sine die of the 1st Session of the 99th Congress.

A delay in holding the referendum would postpone wheat producer decisions as to 1986 crop plantings. We believe most producers would consider the early announcement of a marketing quota and acreage allotment program preferable to a late announcement since this would avoid misunderstandings, dispel rumors as to program content, and avoid costs and probably errors which would be incurred in implementing a program at the last minute.

Producers have frequently complained that enactment of major farm legislation has always been too late to allow adequate planning for the next year's crop. If the referendum is conducted to determine whether a marketing quota and acreage allotment program will be in effect for wheat, producers will have the benefit of knowing what the program will be and will have the opportunity to make contingency plans on that basis should not new legislation be enacted.

If the referendum is postponed now and no new legislation is enacted, producers would be left in a quandary until such time as the legislative issue was resolved. Further, if at the last moment (adjournment sine die of the 1st Session of the 99th Congress) no new

legislation is enacted, it would be virtually impossible to then implement the mandated statutory requirements of the Agricultural Adjustment Act of 1938 involving marketing quotas and acreage allotments without severe hardship on the part of winter wheat producers.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

JOHN R. BLOCK,
Secretary.

COST ESTIMATE

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee estimates that the enactment of S. 822 would cause no significant costs to be incurred by the Federal Government.

In accordance with the Congressional Budget Act of 1974, the Congressional Budget Office prepared the following cost estimate, which is consistent with the Committee's cost estimate.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 15, 1985.

HON. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 822, a bill to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1986. The bill was ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry on May 15, 1985.

Existing law requires a national referendum of wheat producers to be held by August 1, 1985 if the Secretary of Agriculture announces marketing quotas for the 1986 crop of wheat. This bill would allow the referendum to be held not later than thirty days after adjournment sine die of the first session of the Ninety-ninth Congress. The extension of the time allowed for conducting the referendum would cause no significant additional costs to be incurred by the federal government.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

C.G. NUCKOLS,
For Rudolph G. Penner.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee made the following evaluation of the regulatory impact which would be incurred in carrying out S. 822. The bill would extend the time for conducting the referen-

dum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1986.

The bill is not a regulatory measure in the sense of imposing government-established standards or economic responsibilities on private individuals or businesses. It creates no additional regulations; it merely extends the time limitation for conducting a referendum that is required by law.

The bill will not result in any significant additional paperwork or recordkeeping requirements.

ADDITIONAL VIEWS OF MESSRS. ZORINSKY, COCHRAN,
LEAHY, ANDREWS, MELCHER, PRYOR, BOREN, DIXON,
HEFLIN, AND HARKIN

S. 822 would extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1986.

The legislation is needed to avoid having the Secretary of Agriculture conduct a wheat referendum by August 1, 1985, as required under the Agricultural Adjustment Act of 1938. In such a referendum, producers would vote "yes" or "no" on the question whether a marketing quota should be in effect for the 1986 crop of wheat.

When the final version of the 1985 farm legislation is passed, wheat marketing quotas may not be required or a referendum will be required on a program substantially different from that provided under the Agricultural Adjustment Act of 1938. However, in the absence of the enactment of S. 822, the Secretary would be required under permanent law to conduct a referendum that would be nothing more than a needless and costly exercise. In 1981, the Department estimated that the total cost of preparing for and conducting such a referendum would be about \$4.8 million.

S. 822 is similar to legislation approved by Congress in 1977 and on three occasions in 1981 that postponed the wheat referendum. Included as an appendix to these additional views are copies of Secretary Block's letters of May 18, 1981, and October 7, 1981, recommending the enactment of legislation to postpone the 1981 wheat referendum (and stating in his May 18 letter that conducting the referendum would be "a needless and somewhat costly exercise").

We believe that producers would not want the Secretary to conduct a referendum based on the wheat program provided under permanent law. Further, we believe that such a referendum is an unnecessary expenditure of funds since producers will not be presented with a choice of viable programs.

Holding the referendum would be an expensive administrative burden. Not holding the referendum will save the Department from committing resources to an unnecessary activity, prevent confusion among wheat producers regarding the 1986 wheat program, and save the taxpayers millions of dollars.

We believe that the Secretary should cease preparing for the referendum and exercise the authority provided under S. 822 to defer the referendum.

EDWARD ZORINSKY.
THAD COCHRAN.
PATRICK J. LEAHY.
MARK ANDREWS.
JOHN MELCHER.
DAVID H. PRYOR.
DAVID L. BOREN.
ALAN J. DIXON.
HOWELL HEFLIN.
TOM HARKIN.

APPENDIX

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, May 18, 1981.

Hon. GEORGE H.W. BUSH,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a bill "To extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982."

The Department recommends enactment of this legislation.

This legislation is needed to avoid USDA's having to conduct a wheat referendum on August 1, 1981. In such a referendum, producers would vote yes or no on the question of whether a marketing quota should be in effect for the 1982 crop of wheat. When the final version of the 1981 farm legislation is passed, wheat marketing quotas will probably not be required. However, should the 1981 farm legislation not pass by August 1, the Department would be required, under the Agricultural Adjustment Act of 1938, to conduct the referendum—an almost certainly needless and somewhat costly exercise. The Department estimates that the total cost of preparing for and conducting the referendum would be about \$4.8 million.

The proposed legislation is similar to P.L. 95-48, passed June 17, 1977, which postponed the wheat referendum that was scheduled for August 1, 1977.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

A similar letter has been sent to the Speaker of the House of Representatives.

Sincerely,

JOHN R. BLOCK,
Secretary.

Enclosures.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, October 7, 1981.

Hon. ROBERT DOLE,
U.S. Senate,
Washington, DC.

DEAR SENATOR DOLE: We strongly urge that the legislative mandate to conduct a 1982-crop wheat referendum by October 15, 1981 by delayed to November 1981.

Delaying the requirement for the wheat referendum will give the Congress the needed time to complete action on the farm bill which has been passed by the Senate and is now being taken up by the House. The farm bill, once enacted and signed into law, will make

the referendum unnecessary since it would suspend the marketing quota and acreage allotment provisions.

Holding the referendum would also be an expensive administrative burden. The federal cost for holding the referendum is estimated at over \$4 million. If legislative action to postpone the referendum is not completed today, the Department must set in motion the actions needed to carryout this activity. If legislation to postpone the referendum is passed by October 13, it would result in a saving of approximately \$3 million since \$1 million would be expended in gearing up for the referendum.

Your assistance in allowing this referendum to be postponed is greatly appreciated since it will save the Department from committing resources to an unnecessary activity, save wheat producers from taking time to vote in a useless exercise and save the taxpayers several millions of dollars.

Sincerely,

JOHN BLOCK,
Secretary.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, and existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938

* * * * *

REFERENDUM

SEC. 336. If a national marketing quota for wheat for one, two, or three marketing years is proclaimed, the Secretary shall, not later than August 1 of the calendar year in which such national marketing quota is proclaimed, conduct a referendum, by secret ballot, of farmers to determine whether they favor or oppose marketing quotas for the marketing year or years for which proclaimed. Any producer who has a farm acreage allotment shall be eligible to vote in any referendum held pursuant to this section, except that a producer who has a farm acreage allotment of less than fifteen acres shall not be eligible to vote unless the farm operator elected pursuant to section 335 to be subject to the farm marketing quota. The Secretary shall proclaim the results of any referendum held hereunder within thirty days after the date of such referendum and if the Secretary determines that more than one-third of the farmers voting in the referendum voted against marketing quotas, the Secretary shall proclaim that marketing quotas will not be in effect with respect to the crop of wheat produced for harvest in the calendar year following the calendar year in which the referendum is held. If the Secretary determines that two-thirds or more of the farmers voting in a referendum approve marketing quotas for a period of two or three marketing years, no referendum shall be held for the subsequent year or years of such period. [Notwith-

standing any other provision hereof, the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, may be conducted not later than the earlier of the following: (1) thirty days after adjournment sine die of the first session of the Ninety-seventh Congress, or (2) January 1, 1982.】 *Notwithstanding any other provision hereof, the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1986, may be conducted not later than thirty days after adjournment sine die of the first session of the Ninety-ninth Congress.*

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